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Judith D. Argentieri
Government Affairs Director

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January 8, 1997

Mr. William F. Caton
Acting Secretary
Federal Communication Commission
1919 M Street, NW-Room 222
Washington, DC 20554

Jan 8 1997

Re: Ex Parte Presentation in CC Docket No. 97-1

Dear Mr. Caton:

Today, James Grudus, Lynn Crofton, and I, all representing AT&T, met with David Ellen, Don Stockdale, Melissa Waksman, Linda Kinney, Michael Pryor, Christopher Heimann, Florence Setzer, Brent Olson and Craig Brown, with the Common Carrier Bureau, and Debra Weiner, with the General Counsel's Office, to discuss AT&T's views in the above-referenced proceeding. The attached documents were referred to in our meeting and are submitted at Staff's request.

Two copies of this letter and the attachments are being submitted to the Secretary of the Federal Communications Commission in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Sincerely,

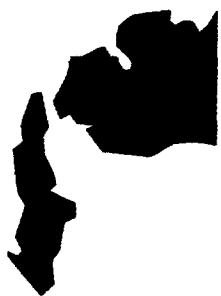
A handwritten signature in black ink that reads "Judy Argentieri".

(Attachments)

cc - without attachments:	Craig Brown	Michael Pryor
	David Ellen	Don Stockdale
	Christopher Heimann	Florence Setzer
	Brent Olson	Melissa Waksman

Debra Weiner

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AMERITECH - Michigan

Ameritech in Michigan

11/26/96

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- II. Survey of Competition
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 - 3. Conduct Hindering Competition
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Michigan Public Service Commission



- 3-Person Public Service Commission - Appointed
(next Vacancy: 1997)
- Highly Experienced Staff: Bill Celio, Ann Schneidewind:
Decade of Telecommunications Experience
- Shrinking Staff Resources: Total Telecommunications Staff of 22



Michigan Law Characteristics

- MPSC Operates Under Statute of Enumerated Powers
(Ameritech Sponsored Legislation 1992, 1996)
 - » Deregulation Thrust
 - » Questions Around Authority to Implement TA 96
- Difficult to Obtain Final Legal Decisions
 - » 12-18 Months to Process Appeal
- 1995 DOJ “Trial” State: Grand Rapids LATA

AT&T and Ameritech in Michigan



- “New AT&T” Employees: 1,004
- Ameritech Employees: 12,405
- “New AT&T” Revenues:
 - \$367 Million Intrastate
 - \$650 Million Interstate
 - \$1.02 Billion(est.)
- Ameritech Revenues:
 - \$2.2 Billion Total Intrastate Revenues from Regulated Services (\$725 million in IntraLATA Toll)
 - \$550 Million Interstate
- - \$2.75 Billion

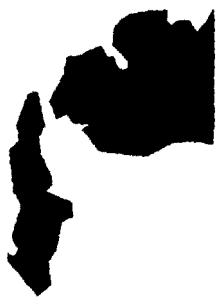


Ameritech in Michigan

Richard Notebaert, Ameritech CEO:

- LD Entry is Only Incentive to Open Local Markets
“The big difference between us and them (GTE) is they’re already in long distance.
What’s their incentive” to cooperate?*
- Ameritech Behavior in Michigan: Different Tactics from Illinois

* Source: “Holding The Line on Local Phone Rivalry.” The Washington Post, Wednesday, October 23, 1996, pp. C-12; C-14..



Ameritech Targeting AT&T

Ameritech in Michigan
11/26/96

Call Waiting, Caller ID, and 40 other advantages we currently have over AT&T. (We'll page you if we think of any more.)



Ameritech

Ameritech's 16,000 serve people know every little hole-in-the-wall in Detroit. Will AT&T's?

The people you only know there may need help. In telephone and TV's, they also have their own local service. Something goes wrong with your radio or stereo equipment, the repairmen are there. And there are other good reasons to switch with Ameritech.

1. First of all, Ameritech is your next door neighbor, our sister Bell Telephone Company from New Jersey. Mr. AT&T: When you think about it, I'm surprised to provide great service all the way from New Jersey?

2. We're the company that built the system that's better equipped to serve you?

3. We're here providing local service in the region for over a century. We've had thousands of telephone calls just every minute to our New Orleans, Minneapolis, San Antonio, and Indiana. That's a lot of calls assisted each day.

4. In fact, we get to know 2.5 million separate assisted calls every day.

5. And then, we all know you're doing business with 4,500 highly efficient operators who answer almost 24 hours a day, English and Spanish, as well as Polish.

6. Our directory assistance operations handle 500 calls a day each, and because those operations are local folks, they know your town and can help you find the number or address you're looking for better than anybody.

7. All told, there are 16,000 Ameritech employees in the Midwest working to make sure we'll go through.

8. And 95% of them are Ameritech shareholders — not just employees, but owners. Which means they have a vested interest in seeing that you're a happy customer.

9. There's another reason we had such long distance calling rates in the Midwest.

10. Of course, there are other reasons. All in all, to meet the 2.5 million service calls we get every year, to hook up new services or make installations. And because they have been born, they probably won't move a mile before you know it's time to switch.

11. Which we know. Because of, by the

- 12. telephone company with loads to offer. In all other ways, however, we know "Foolish."
- 13. We've got about every 4 million miles of fiber optic cable in the Midwest.
- 14. We've installed 2,000 local telephone companies in our area since 1983, plus some other 15,000 businesses.
- 15. Overall, we're serving 800,000 residential and business telephone customers across the Midwest.
- 16. We've got 100,000 telephone subscribers in the Detroit area alone.
- 17. We've got 50 telephone exchanges and its successor, the American Bell and BellSouth (the spin-off that came from the one that owned us at that point in our history).
- 18. And we've got the best coverage in the country. That's because we're closer to the availability of more advanced technology and services than our competitors.
- 19. We have engineers in complete technical and planning departments, and do whatever work is needed, including the five test beds in Library and the Library of Congress.
- 20. We manufacture human fibers, telephone wires, and optical fibers for all three major telephone companies, both local and long distance.
- 21. We've got 1,500 telephone booths throughout the Midwest, located in more than 100 different communities.
- 22. We've got 100 telephone exchanges in the Midwest, plus 100 telephone booths.
- 23. Every year, we offer a product brochure at a single, simple, low price.
- 24. You'll find us in the telephone directory.
- 25. The slogan is bold and响亮: "We're the ones that work."
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Ameritech

Young Bank To Better Communication

11/25/96 17:17 STATION 2 → 202 457 2545 NO. 549 P004/006

11/25/96 17:17 STATION 2 → 202 457 2545

NO. 549 P003/006



**VIDEO MONITORING
SERVICES
OF AMERICA, L.P.**
330 WEST 42ND STREET.
NEW YORK, NEW YORK 10036
(212) 736-2010

**PRODUCT: Ameritech
LENGTH: :30
MARKET: Detroit
PROGRAM: Baywatch
CODE #: 9609-1842
TITLE: Jerry Lewis Cuts Phone Wires**

**STATION: WXON
DATE: 09/06/96
TIME: 10:46 PM**



(MUSIC BEGINS) JERRY LEWIS: Hello.
MR. EVANS: Mr. Lewis, it's Mr.
Evans



with AT&T calling you again with
another



local calling plan.



Now, I know that zone offer we
made last year ended up giving you



higher rates than Ameritech in the
long run. But, hey, what did you
expect... (JERRY STRANGLES PHONE)
(MR. EVANS BEGINS TO CHOKED)



(MR. EVANS CONTINUES) Anyway, I'm
just calling to let



You know



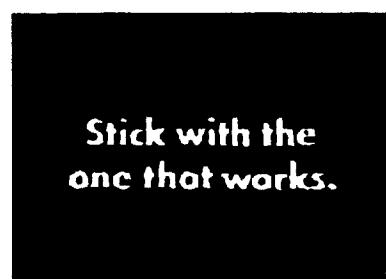
that someday we'll have a similar
offer



and I'll be calling you then to
take you



through all the confusing
details... (JERRY CUTS PHONE LINE)



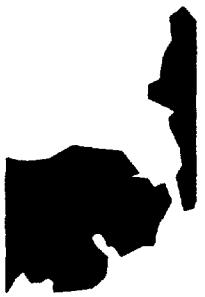
MALE ANNCR: Ameritech. It's still
your simplest choice.

Ameritech

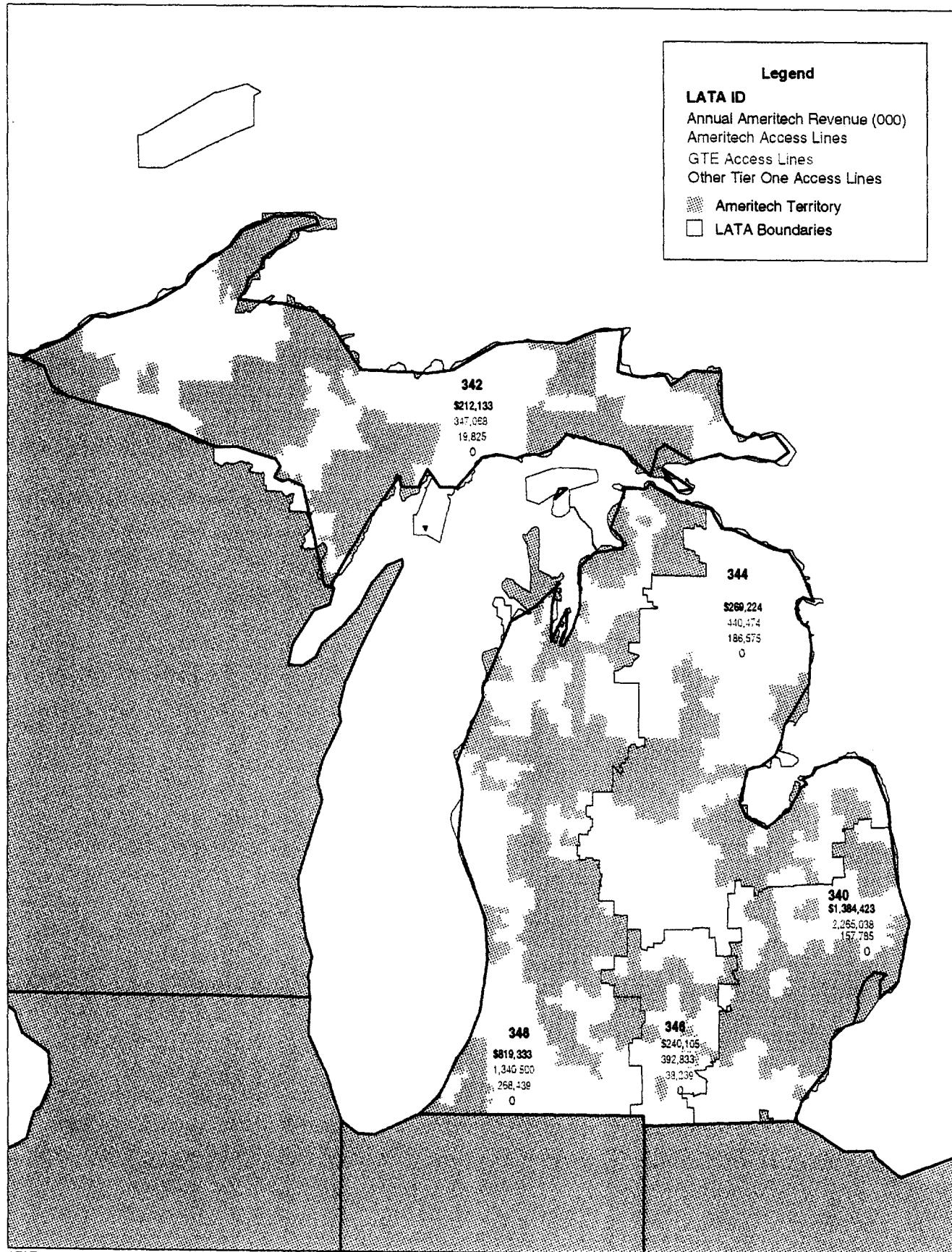
YOUR LINK TO BETTER COMMUNICATION™

Ameritech. Your link to better
communication. (MUSIC ENDS)

Survey of Local Competition

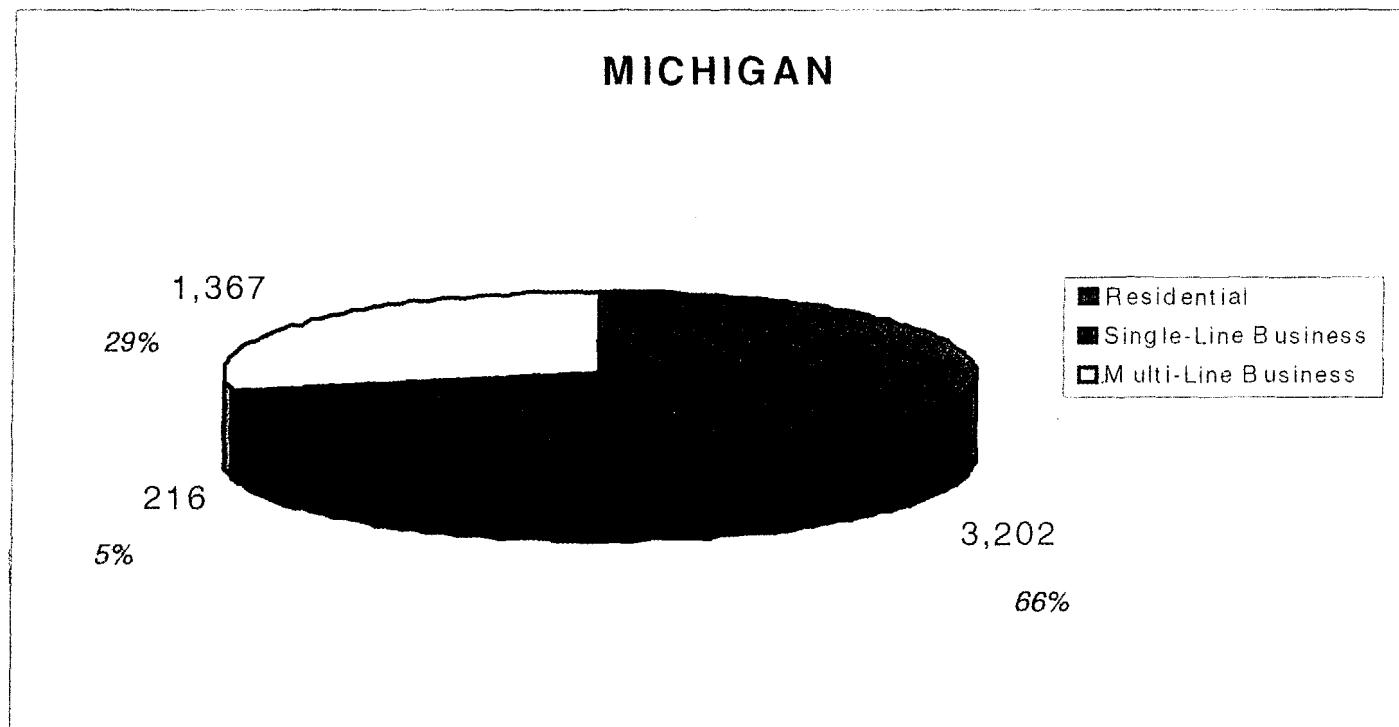


Revenue and Access Lines by LATA -- Michigan



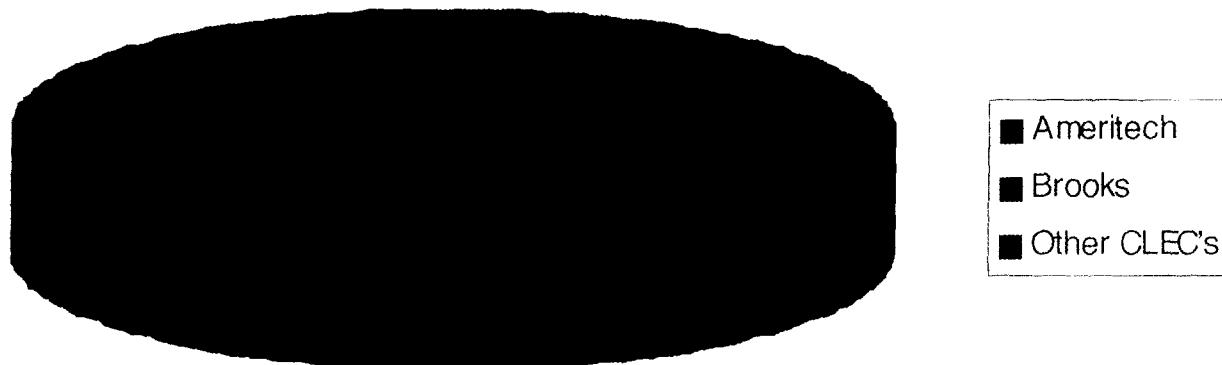


Breakdown of Ameritech's Access Lines by Customer Class in Michigan (000)





CLEC Presence in Ameritech-MI Service Territory



TOTAL ACCESS LINES*

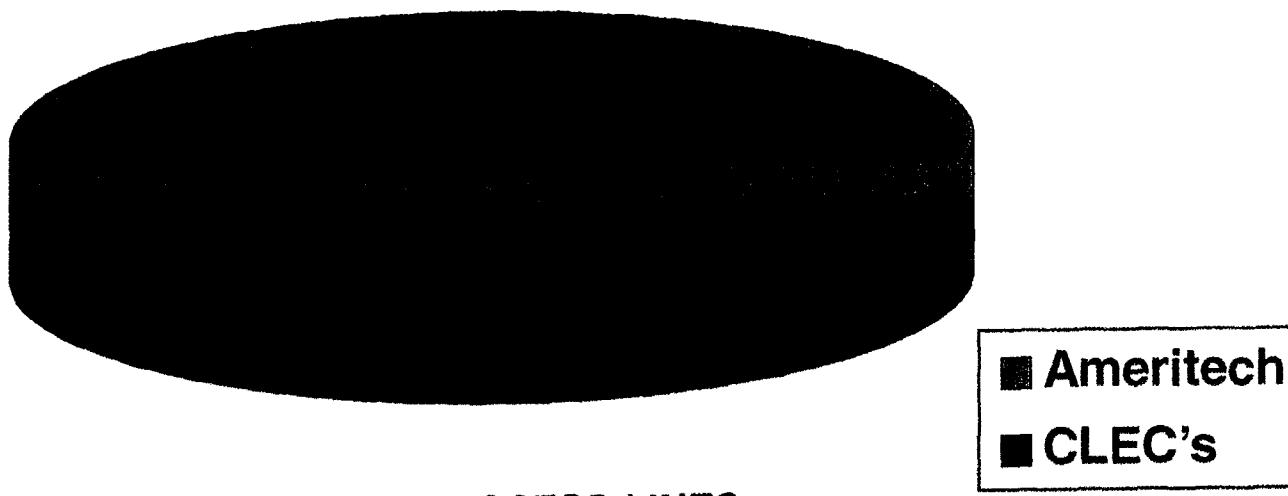
Ameritech-MI = 4,972,505
Brooks Fiber = 15,000
Other CLEC's = 5,000

TOTAL CLEC PRESENCE
 $20,000/4,972,505 = .40\%$

* Source: Ameritech November 12, 1996, Informational Filing in MPSC Docket No. U-11104



CLEC Presence in Detroit LATA



TOTAL ACCESS LINES

Ameritech-MI = 2,265,000

CLEC = 5,000

CLEC Presence = .22%



CLEC Presence in Grand Rapids LATA



TOTAL ACCESS LINES

Ameritech-MI = 1,340,000
Brooks Fiber = 15,000

CLEC Presence = 1.1%

- Ameritech-MI
- Brooks Fiber

Competition for Residential Customers In Ameritech-MI Service Territory



TOTAL RESIDENTIAL ACCESS LINES

■ Ameritech
■ Brooks

Ameritech-MI = 3,202,000

Brooks Fiber = 5,000

Other CLEC's = 0

Percentage MI Residential subscribers With
Competitive Choice = 0.15%

*Status of CLEC Applications in the Ameritech Region**

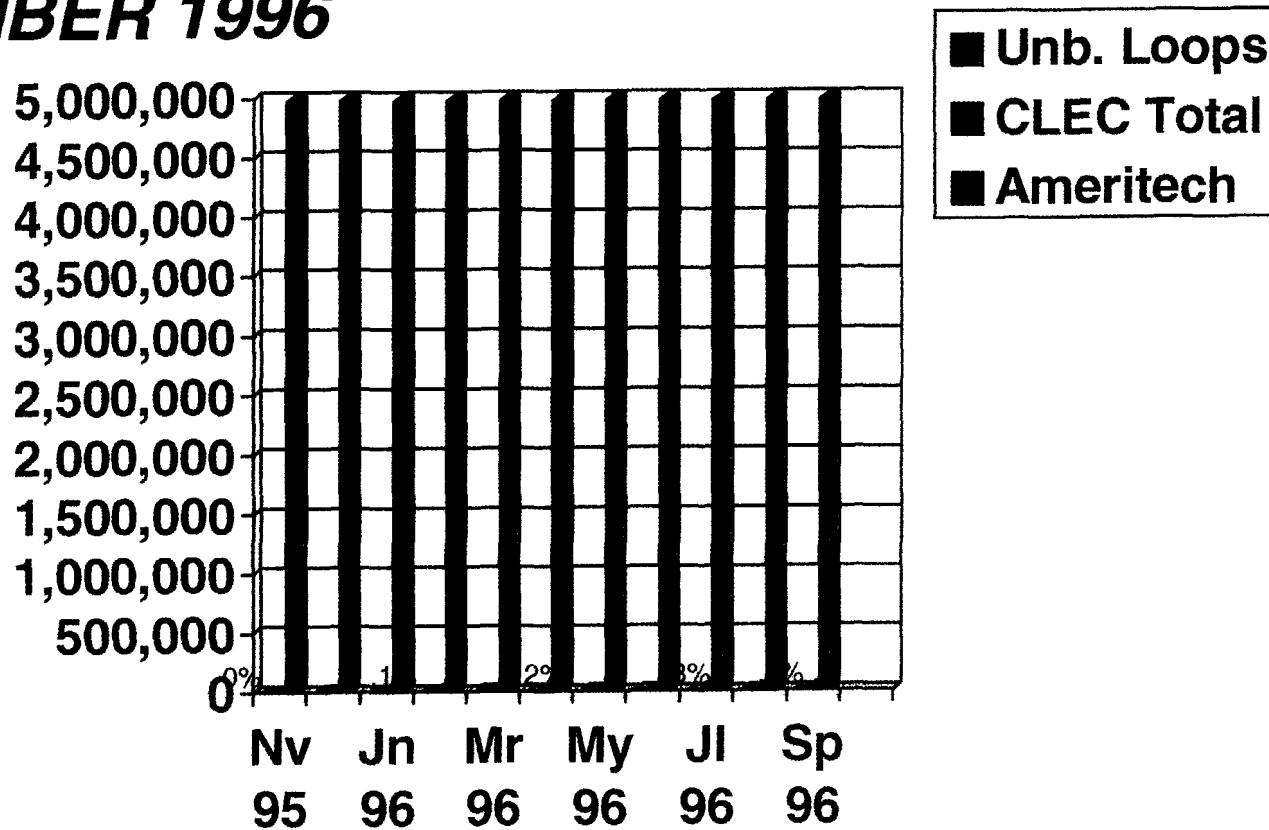


MICHIGAN

Company Name (CLEC)	Status of Application	Local Exchange Tariff Filed	Interoffice Transmission Facilities	Switches Deployed	Interconnection Agreement Reached	Agreement Approved by Comm.
Ameritech Communications Inc. (ACI)	Granted					
AT&T	Granted				In Arbitration	
Climax Telephone Company	Granted					
Continental Telecomm. of MI, Inc.	Granted					
ComCast MH Telephony Communications of Michigan, Inc.	Pending					
ComCast Telephony Communications of Michigan, Inc.	Pending					
LCI	Granted					
Phone Michigan	Granted					
Sprint	Pending				In Arbitration	
Winstar Wireless	Granted					
USN Communications, Inc.	Granted				11/1/95 (Resale Only)	
Coast to Coast	Pending					
Tele-Phone-Communications (TPC)	Pending					
Cytel	Pending					
BCI	Pending					
MCI Metro	Granted	Yes	Detroit	Detroit	In Arbitration	
TCG	Granted		Detroit	Detroit	In Arbitration	11/2/96
Brooks Fiber Communications	Granted	Yes	Grand Rapids	Grand Rapids	9/12/96	
MFS Intelenet of Michigan, Inc.	Granted	Yes	Detroit	Detroit	5/28/96	8/22/96
19	12 = Granted 7 = Pending	3	4	4	3	2

*None of the foregoing provides detail on the operational status of entities, the nature of the services offered, the class of customers served, the underlying facilities used, or the geographic scope of the services offered. All information has been compiled from public sources.

GROWTH OF CLEC PRESENCE IN AMERITECH-MI TERRITORY DECEMBER 1995 TO SEPTEMBER 1996



COMPARISON OF AMERITECH-MI ACCESS LINES TO CLEC ACCESS LINES

Total Ameritech-MI Access Lines	=	4,972,505
Total CLEC Access Lines	=	20,000
Total Unbundled Loops	=	11,774
TOTAL CLEC PRESENCE	=	0.4%
TOTAL UNBUNDLED	=	0.23%

Ameritech in Michigan
11/26/96

Change From a Slow Growth Business



From Merrill Lynch's April 17, 1996 Report on Ameritech:

"The strong revenue growth was driven by very strong access line growth. Access lines grew a very impressive 4.5%...About 366,000 residential second lines were added in the past 12 months bringing residential second line penetration to 12% by the end of the first quarter. **Business lines grew a strong 7.3%..."***

- * Each 1% growth represents the addition of about 110,000 lines/quarter.
Residential line growth has also increased in this period on average from 2.7% to 3.3%.

Ameritech Interconnection Agreements with Brooks and MFS



What They Do Address:

- Unbundled Loops at \$8.60/\$11.10/\$14.60
- Traffic Termination
- Non-Severability Clause
- Combination of Elements Restricted
- Bona Fide Request Process

What They Do Not Address:

- Other Unbundled Elements
- Service Performance at Parity
- Wholesale Service Rates
- Alternative Dispute Resolution Process

Ameritech Interconnection Agreement with USN



What It Does Address:

- Wholesale Services Volume Commitments
 - Residence Local Usage 11%
 - Residence Basic Local Service 5%
 - Business Basic Local Service 8.5%/10%/15%
 - Business Local Usage 40%

What It Does Not Address:

- Unbundled Elements
- Interconnection

Dates for Initial Commission Arbitration Decisions



<u>Parties</u>	<u>Decision Date*</u>
• Ameritech - TCG	11-1-96
• Ameritech - MCI	12-26-96
• Ameritech - Sprint	1-5-97
• Ameritech - AT&T	11-27-96

* Followed by Conforming Contract Language and Statutory 30 Day Review Period

AT&T/Ameritech Arbitration Panel Decision



RECOMMENDED RULINGS:

- 25% discount across-the-board for wholesale rates
- Unbundled Network Elements & Combinations

Basic Loops	\$7.58/\$8.93/\$10.37
Local Switching	\$0.54/month/\$0.006 initial minute \$0.0022/additional minute
Tandem Switching	\$0.006/minute
Reciprocal Compensation	\$0.002 - end office \$0.006 - tandem office
Platform	\$9.24/\$10.64/\$12.08/Month

- Hubbing Permitted in Collocated Space
- Standards of Performance to be Established
- Bona Fide Request Process
- Alternate Dispute Resolution Process
- “Most Favored Nations” Clause